

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER:  <b>02-04</b>	2. STATE  <b>Louisiana</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE  <b>May 14, 2002</b>	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

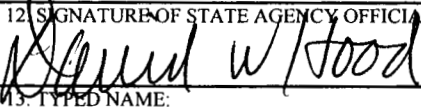
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:  <b>42 CFR 447.272(c) and 447.321(c)</b>	7. FEDERAL BUDGET IMPACT:  a. FFY <u>2002</u> (\$17,676.05) b. FFY <u>2003</u> (\$47,908.37)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A, Item 1, Page 8a Attachment 4.19-B, Item 2.a., Page 2</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Same (TN 01-04) Same (TN 01-04)</b>

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to amend the state plan language to remove the reference to 150% in the calculation of upper payment limit for public hospitals inpatient and outpatient services. This amendment is necessary to comply with federal regulations effective May 14, 2002.**

11. GOVERNOR'S REVIEW (Check One):

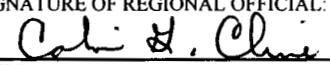
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ OTHER, AS SPECIFIED: **The Governor does not review  
state plan material.**☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:  <b>State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030</b>
13. TYPED NAME:  <b>David W. Hood</b>	
14. TITLE:  <b>Secretary</b>	
15. DATE SUBMITTED:  <b>June 21, 2002</b>	

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17. DATE RECEIVED:  26 JUNE 2002	18. DATE APPROVED:  15 JULY 2002
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 14 MAY 2002	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME:  CALVIN G. CLINE	22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID AND STATE OPERATIONS

23. REMARKS:

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES  
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

**8. Enhancement Pool For Public Hospitals**

**a. Enhancement Pool Creation**

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost reports. The pool is created subject to the payment limits of 42 CFR §447.272 (the aggregate Medicaid payments may not exceed a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

**b. Calculation of Hospital Payment Differential**

The hospital payment differential for any year shall be the difference between the upper limit of aggregate payments to non-state public hospitals as defined in 42 CFR §447.272 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to the mid-point of the current State fiscal year based on the Center for Medicare and Medicaid Services (CMS) Hospital Market Basket Index for PPS hospitals.

**c. Enhancement Pool Payments**

The entire enhancement pool amount shall be paid on a quarterly basis to qualifying public hospitals based on their pro-rata share of the total unreimbursed Medicaid charges (billed Medicaid charges less Medicaid reimbursements) for all qualifying public hospitals. Determination of unreimbursed Medicaid charges shall be based on the hospital's latest filed cost report.

**d. Definition of Qualifying Hospitals**

Qualifying hospitals are defined as any hospital owned by a parish, city or other local government agency or instrumentality. This

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STATE Louisiana	
DATE RECD 6-26-2002	
DATE APPVD 7-15-2002	
DATE EFF 5-14-2002	
HCFA 179 LA 02-04	

TN# LA 02-04 Approval Date 7-15-2002 Effective Date 5-14-2002  
Supersedes  
TN# LA 01-04

SUPERSEDES: TN- LA 01-04

**PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(A) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:**

**Outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, and rehabilitation services are paid as follows:**

**In-state private hospital outpatient services** are reimbursed on a hospital specific cost to charge ratio calculation based on filed cost reports for the period ending in state fiscal year 1997. Final reimbursement is adjusted to 83 % of allowable cost through the cost report settlement process.

**In-state public hospital outpatient services** are reimbursed at an interim rate of 60% of billed charges. Final reimbursement is adjusted to 83% of allowable cost through the cost report settlement process.

**Out-of-state hospital outpatient services** are reimbursed at 50% of billed charges.

**Enhancement Pool For Public Hospitals**

**a. Enhancement Pool Creation**

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost report. The pool is created subject to the payment limits of 42 CFR §447.321 (the aggregate Medicaid payments may not exceed a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

**b. Calculation of Hospital Payment Differential**

The hospital payment differential for any year shall be the difference between the upper payment limit of aggregate payments to non-state public hospitals as defined in 42 CFR §447.321 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to mid-point of the current State fiscal year based on the Center for

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